



## White Paper

# "The Cost of Doing Nothing"

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**Roundtable Discussion featuring:**  
University of Illinois, Chicago  
Turano Baking Company  
Adventist Hinsdale Hospital

# Table of Contents

**Introduction and Roundtable Discussion.....Page 3**

**I: The Every Day.....Page 4 - 5**

**II: Effectiveness in the Workplace.....Page 6 - 7**

**III: Approach to Preventative Maintenance.....Page 8 - 9**

**IV: The Cost of Doing Nothing.....Page 10**

# Introduction

Companies in 2009 faced challenges like none other. It resulted in decreased spending and conservation of cash. With ongoing costs and the pressure to decrease prices in order to stay competitive, companies needed to reduce and maintain as much as possible.

One of the results of steep reductions is high unemployment rates. However, companies have right-sized their organizations to dangerous low levels, each employee is maximized to/beyond their fullest potential.

# Roundtable Discussion

With conservation and preservation at its greatest height in years, companies have formed this latest way of living as the new 'status quo'. We will begin to uncover:

- Spending dollars in anticipation for growth
- If companies will remain cautious; and
- If there is a cost associated with being conservative for long periods of time.

This leads to our theme: "The Cost of Doing Nothing".

American Combustion Service, Inc. has sponsored a Roundtable Discussion featuring three guests from different industries from the Chicagoland area. They are:

- Andy Barrett, Chief Engineer, University of Illinois, UIC Chicago, East Campus.
- Frank Biernacki, Corporate Engineer, Turano Baking Company.
- Rey Tuazon, Manager of Plant Operations and Utilities, Adventist Hinsdale Hospital

We will gain valuable insights into the heart of the organization, the facility. Facilities are a crucial part of the operation as it cares for the asset of the building, the people working in the facility, production, and the customers. Without these valuable people, others would not be able to do their job successfully. Focus would be on what's not working in the facility rather than the job they've been trained and hired for.



# I. The Every Day

**Facilitator:** Most companies today have implemented processes to ensure the continuous management of a smooth operation. How have those processes been affected by the reduction of staff? What is the state of facilities management today?

**Andy Barrett, UIC:** Even though 2009 brought a hiring freeze and furlough days, we're more concerned about 2010. The State of Illinois has not provided the funding yet for this year. If the lack of funding continues, we believe more cuts will be inevitable.

**Facilitator:** Do you find yourself to be in a proactive role or a defensive role?

**Andy Barrett, UIC:** Defensive.

**Frank Biernacki, Turano Baking:** There's no question that 2009 was very hard. We anticipate the same struggles, at minimum, the early part of 2010. We also understand that raising prices isn't an option for our customers. We turned internally and made adjustments as business began to slow down. We collectively regrouped and built a schedule that allowed the workers, on the operational production lines, to be more flexible and efficient.

In terms of the facilities workers, we utilize our maintenance mechanics staff to the fullest by allowing them to work on projects traditionally done by outside contractors. However, each situation is thoroughly evaluated to ensure that quality is never compromised.

**Facilitator:** If the facility workers were busy before, how is this affecting them moving forward?

**Frank Biernacki, Turano Baking:** Since some of the production lines have finished their work sooner, the amount of maintenance work to be completed has declined as well. This is how the maintenance staff is able to work on projects normally completed by outside contractors.

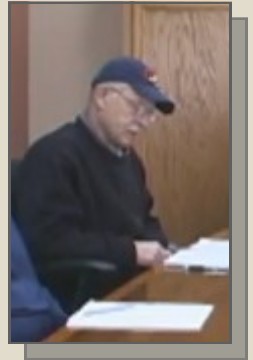
**Facilitator:** What percentage of work did you consolidate in 2009?

**Frank Biernacki, Turano Baking:** We consolidated approximately 50%.

**Facilitator:** Are you trying to maintain in 2010?

**Frank Biernacki, Turano Baking:** Yes, we have four facilities where we are rotating the facility workers in order to be crossed trained on other machines and equipment. This gives Turano Baking an advantage by "maintaining" the talent in-house. Workers gain knowledge on newer technologies and they gain better control of the operations of the company as a whole.

**Rey Tuazon, Adventist:** We did not experience staff reductions in 2009. We were ahead of the curve. Leaders of our hospital anticipated a downturn in the economy and addressed the issue in 2008.



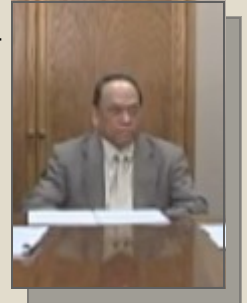
All employees of the hospital understand that we're not just transactional, but transformational. It is our responsibility to work together in order to be highly productive and be in unison with our mission of saving lives.

When we review history, in the 1980's, a hospital maintenance worker would support about 20,000 sq. ft. of physical space. In the 90's it increased to 40,000 sq. ft. and today, a maintenance worker is supporting approximately 60,000 sq. ft. or more.

**Facilitator:** Has there been evidence of extra hours needed in order to ensure all 60,000 sq. ft. are maintained?

**Rey Tuazon, Adventist:** We needed to make adjustments. However, we have the opportunity to call for help from skilled retired workers and casual employees when necessary.

It is our job to manage the overall effectiveness of the hospital. We evaluate the procurement of energy, its uses and efficiencies. For 2009, I am favorable by 15% in my budget because of the energy savings. We are always looking for ways to reduce cost and save money.



We need to remember that in this business there's no fixed solution. Each day brings new challenges.

**Facilitator:** If you've experienced downsizing or a hiring freeze, has your staff picked up additional responsibilities and be expected to complete all of the work within the same timeframe? If that person was already busy in the current eight hours, he/she can only move so fast for so long before compromising quality.

**Andy Barrett, UIC:** I believe one of the points earlier was on cross-training. UIC has always done cross-training. Our workers know the various pieces of equipment as well as how the building runs. UIC East Campus has 60 different buildings, labs, classroom buildings and dorms. The engineers' training and how effective they work with each other has resulted in a positive atmosphere. Each engineer works to identify issues before they begin so it can be immediately resolved. It's the people that care that make the difference.

**Facilitator:** Are emotions running high with employees wondering if they have a job tomorrow? Are they pushing to take on additional responsibilities to show value?

**Andy Barrett, UIC:** We haven't experienced it. They are happy to have a job. We've come together as a cohesive team to help each other. Some engineers are better at certain aspects of the job and they are comfortable to turn to each other for expertise.

**Frank Lacny, American Combustion (sponsor):** A large corporation recently asked three or four contractors to help decide how to eliminate a department. Their attitudes were very negative as they realized their jobs were at stake.

## II. Effectiveness in the Workplace

**Facilitator:** How have you been able to measure the effectiveness within the facility? Are you still measuring? What have you done to adjust or not adjust?

**Frank Biernacki, Turano Baking:** When we consolidated lines, we moved both the production and maintenance people from one line to another. In particular for the facilities workers, cross training is demanding but essential. The engineering department is trained to react to all types of situations, whether it is a piece of production equipment or plant support equipment. In the baking industry, we're working with a live product. Once it's mixed, it has to get from point A to point B within a certain amount of time. Once the product is baked, there's more room for forgiveness.

We must have a good balance of talented mechanics, engineers, PLC experts, and welders on each shift that can react in a timely fashion, so as not to lose a full production line of product. The key facility workers are equally important as the vital bakers. They drive the efficiencies of the facility.

**Rey Tuazon, Adventist:** The philosophy in healthcare is teamwork. For instance, everyone is expected to pick up trash from the floor when they see it, helping housekeeping to maintain the place clean. Security assists in the testing of the fire alarm system and emergency lighting. We distribute the responsibility so everything works smoothly.

**Facilitator:** It is very interesting that you all have strong similarities. You've been able to maintain calmness, effectiveness and teamwork. What are you all doing that is right?

**Rey Tuazon, Adventist:** We always reinforce to employees that we have a higher calling. We have a 24/7 operation with operating rooms and critical care areas. Our job is to support them while constantly controlling infection.

**Andy Barrett, UIC:** The engineers are there every day working with the different disciplines such as electricians and plumbers. We're all working towards one common goal. On the east side of campus, we don't have the hospital. Instead, we provide a safe environment for students so they can achieve their goal of learning.

**Facilitator:** How have you been able to get your department to work together without being 'threatened'?

**Andy Barrett, UIC:** It's their work ethic. People take pride in their jobs and know they are fortunate to be working. The chancellor brings us together as a group and actively participates in campus issues. We are always asked for our opinions.



The vice chancellor and chancellor have been honest with us. We understand the issues and know the staffing levels will remain for the foreseeable future. We've agreed to furlough days and other concessions in order to give back to save others.

**Facilitator:** Are these types of conversations a change or done to a greater extent?

Andy Barrett, UIC and Frank Biernacki, Turano Baking: Done to a greater extent.

**Frank Biernacki, Turano Baking:** In the food industry we need to be highly aware of many variables such as product contamination. There are food grade greases, lubricants, SOP (standard operating procedures), and critical control points. The engineer taking care of these systems need to be carefully trained .Because of this , there is additional training, increased communication and multiple levels of fail safes to prevent issues. All of this working together builds the team of family atmosphere that ends up providing the environment of security with and for each other.

Body language means a lot. The engineer is running from one side of the plant to the other. He needs to move like he's on a mission because timing is everything to a 'live' product. If the machine stops, the engineer takes care of it. If he needs help, he places a call on the radio and support comes.

**Facilitator:** How have you brought everyone together as a team?

**Frank Biernacki, Turano Baking:** Each maintenance engineer has certain skills that they excel in. The team is built with talented engineers that excel in different fields: PLCs, welding, fabricating, electrical, mechanical, HVAC, etc. This team has integrated itself to compliment each others' skills.

The entire plant has also increased meetings to ensure fluid communication. We also review situations that occurred the previous night. We discuss ways to take care of it faster, who is best qualified to respond to that particular situation, and decide if there are better ways to to resolve the issue. If a customer calls to increase their order, we need to adjust quickly and start a line sooner. This again relates back to energy consumption and conservation, which is critical to the efficiency of the plant too. Starting and stopping these lines properly by the right team members is important. The team realizes that they control the efficiencies of the plant that provide the job security for them.



### III. Approach to Preventative Maintenance

**Facilitator:** Let's talk a moment about preventative maintenance. Studies have shown that if you find a potential problem and fix it before it becomes an issue, your cost savings become 3x of what the initial investment would be. That's considerable. Is that correct?

**Everyone:** Yes.

**Facilitator:** How far do you take preventative maintenance? Do you take preventative maintenance out on everything? How do you identify key components? What is your approach to preventative maintenance?

**Rey Tuazon, Adventist:** In a hospital it's a must. We are heavily regulated by the Joint Commission, State of Illinois, Public Health, Fire Department, and County to name a few. We document preventative maintenance and make it readily available when they arrive. We conduct daily rounds reviewing mechanical and electrical systems. We address situations immediately. As a result, we are about 95% of completion rate for preventative maintenance. We occasionally fall behind when it snows or floods.

**Facilitator:** Are you attempting to solve the issues internally before calling a contractor?

**Rey Tuazon, Adventist:** We first try to solve it internally because we have the skilled staff. If not, then we call someone like American Combustion Service.



**Facilitator:** Do you bring in a lot of outside help?

**Rey Tuazon, Adventist:** No, only what we really need. We used to do almost everything internally in the 'old times' when we had more skilled mechanics but not anymore.

**Frank Biernacki, Turano Baking:** All equipment is subject to failure. We just implemented a new computerized maintenance program for all of our facilities. Based on history and input, we can aggressively manage the high speed indexing equipment and each of their operating hours to name a few.

We cannot sacrifice preventative maintenance. Our production schedule and available hours for service will tell us if it's necessary to bring in outside help or not.

We also have 'walk through' inspections at the beginning of each shift. We document readings and test daily the flour system, boilers, refrigeration system and compressors to name a few. If there's an issue, we decide if it can be taken care of internally or need to go externally for local help.

**Facilitator:** 100% of facility...is anything secondary.

**Frank Biernacki, Turano Baking:** The system is built for priorities. Support equipment must be maintained and reliable, as the first priority is the 'Live' product followed by baking.

**Andy Barrett, UIC:** The University is currently working on a preventative maintenance system. For now, we do the best we can by concentrating on certain buildings that need more attention.

**Facilitator:** Is the preventative maintenance system a new initiative?

**Andy Barrett, UIC:** We've always had a preventative maintenance plan, but not computerized. We fill out a card and place it in a file. By having the information computerized, we'll be able to have the history documented and gain access to the information when we're even off campus. We'll be able to evaluate the situation and begin to make decisions right away.

**Facilitator:** When will you be able to start using the system?

**Andy Barrett, UIC:** We've been working on it for a year. We're very close to getting it online.

## IV. The Cost of Doing Nothing

**Facilitator:** Let's talk about the decision of 'Doing Nothing'. Have you or your management made the choice of 'Doing Nothing'? For instance, we know we need a new 'X'. But it's going to cost 'Y' and it's more than we can or want to do right now. Have you had to do nothing?

**Rey Tuazon, Adventist:** Yes, on a daily basis (laugh). We're not a revenue producing department so we're not always the priority when it comes to spending. However, if you can explain to the executives with good communications, the reasons for the repair or purchase, translating the benefits into dollars, then you have a better chance of getting what you need.

**Facilitator:** if they tell you to wait, and say it costs \$10 today to replace, but if you wait let's say 6 months, it'll cost you \$25.

**Rey Tuazon, Adventist:** Let me give you an example. A couple of years ago, there was an outside consultant that conducted a study of our facility. They recommended that we replace some air-handling units that already surpassed their expected life. To replace an entire unit would cost the hospital \$300-\$500k. We took their recommendation and worked on a solution. Instead of purchasing an entire unit, we rebuilt the unit by replacing the coils, piping, valves, and condensate pan (which could be a potential source of infection due to corrosion). The cost would only be \$50k. We completed 2 units successfully and everyone was pleased with the results. It could have been a different story if we waited too long. A planned repair job is a lot better than an unplanned replacement project.



**Andy Barrett, UIC:** For the University right now, it's constantly repairing the equipment. Let's say for instance the coils stopped working. It could be 2-3 weeks before getting them repaired or spend \$9,000 to purchase and install new coils. The University would ask for it to be repaired due to the lack of funding from the State.

**Frank Biernacki, Turano Baking:** The computer system can now tell if a piece of equipment is not running efficiently. It makes the replacement/investment /payback decision very clear. It highlights the downtime, run time and operating costs to help support those decisions.

**Facilitator:** Is cost justification, being a finance person, part of your responsibilities?

**All:** Yes.

**Andy Barrett, UIC:** We all look at the issues regardless of industry. We evaluate the ROI (return on investment) as well as the 'Green' initiative. We have two buildings on campus that are geo-thermal. Some of it is more of an investment today, but overall, our energy costs have decreased.

**Rey Tuazon, Adventist:** For hospitals, if you graph it, it's always going upward. Computers, X-ray machines, medical equipment as well as other technologies are constantly being added, increasing the consumption of energy. We have to be proactive in our energy savings and efficiencies just by keeping it level. Our goal is always to reduce the energy consumption.

**Facilitator:** Thank you everyone for your time today.